

**MINUTES OF THE  
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY  
APPROPRIATIONS SUBCOMMITTEE**

Room 25 House Office Building

February 19, 2013

**MEMBERS PRESENT:** Sen. David Hinkins, Co-Chair  
Rep. Mike McKell, House Vice Chair  
Sen. Jim Dabakis  
Sen. Margaret Dayton  
Sen. Kevin T. Van Tassell  
Rep. Jerry Anderson  
Rep. Roger E. Barrus  
Rep. Susan Duckworth  
Rep. Brian Greene  
Rep. Ken Ivory  
Rep. Michael E. Noel  
Rep. Lee B. Perry  
Rep. Jon Stanard  
Rep. Larry B. Wiley

**MEMBERS EXCUSED:** Sen. Ralph Okerlund  
Sen. John L. Valentine

**MEMBERS ABSENT:** Rep. John Mathis

**STAFF:** Mr. Ivan Djambov, Fiscal Analyst  
Ms. Angela Oh, Economist  
Ms. Linda Service, Committee Secretary

**Note:** A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Hinkins called the meeting to order at 8:02 a.m.

**1. DIVISION OF OIL, GAS AND MINING**

Mr. Djambov discussed documents relating to the Division of Oil, Gas, and Mining. The division regulates exploration for the development of Utah's oil, gas, coal, and other mineral resources. They are also responsible to ensure that oil and gas wells are properly abandoned and mining sites are satisfactorily reclaimed when exploration and developmental activities are completed.

The Analyst recommends a one-time FY 2013 supplemental appropriation of \$45,000 for oil and gas e-permitting database. For the FY 2014 base budget, the Analyst recommends a total appropriation of \$12,635,300, including a one-time increase of \$60,000 for the oil and gas e-permitting database. In addition, the division is requesting funding for one additional employee for the Mineral Program. Should additional resources become available to the subcommittee, the Analyst would recommend an ongoing increase of \$90,000 from the General Fund for this request. Mr. Djambov commented on issues and recommendations, intent language, and top measures chosen by management to gauge the success of its program. He reviewed the document "Division of Oil, Gas and Mining, Budget Details Over Time" and the Issue Brief, "Oil, Gas, and Mining Fees." All Budget Briefs, Issue Briefs, and related documents may be found on line by going to the Legislature home page and this committee.

## **Agency Response**

Mr. John Baza, Director, Division of Oil, Gas, and Mining, with the assistance of Ms. Paula Dupin-Zahn, Financial Manager, distributed a handout detailing purpose, objectives, 2012 accomplishments, and issues and challenges for the future. Director Baza introduced Mr. John Rogers, Associate Director, Oil and Gas Program, and commented on the success the program has been experiencing. Oil and gas activity is high in Utah, the news is positive, and there is excitement about coming to the state. State and private lands have increased production of gas by 36%, and oil by 96% over the last four years. However, gas production on federal lands has dropped 2% while oil production is only up 4%.

Sen. Hinkins relinquished the chair to Vice Chair McKell.

Director Baza reviewed the Minerals Program indicating it, too, is seeing a positive trend. Management and staff have found efficiencies to improve the program outlook, even though there is increased interest, activity and work load; with an increased number of permit actions, timeliness of response has steadily increased from 20% to close to 70%. He discussed the Mineral and Petroleum Literacy Program, teacher training during 2012; the three projects in northern Carbon County area completed by the Abandon Mine Reclamation Program; and the 5th annual customer satisfaction survey with the division receiving a composite rating of 4.3 on a scale of 5. The division has established a policy to foster responsible development, protect the public, and preserve the environment. Mr. Baza responded to questions.

Rep. Ivory requested information from the division in regards to the procedures in place and the successes achieved on state and private lands and asked Director Baza to suggest what those successes would be on federal lands which are not controlled by the state. He proposed the report be given to the subcommittee at interim.

## **2. BLM FUNDING FOR THE EDGE OF THE CEDARS STATE PARK**

Mr. Juan Palma, State Director, Bureau of Land Management (BLM), discussed Edge of the Cedars State Park Museum. The museum serves as the repository for artifacts found on BLM and private state lands. The BLM provides some financial support but he indicated more funding is not available at the present time. He discussed future agreements for possible funding and clarified the type of financial support offered to the museum by the BLM. The funding is not offered on a "year-to-year" basis, but rather it is on a "by project" basis; as projects come about, the BLM provides a one-time fee for that project and possible administrative funding. Mr. Palma responded to questions.

## **3. DIVISION OF WATER RESOURCES**

Mr. Djambov reviewed the Budget Briefs, "Division of Water Resources" and "Water Resources - Revolving Construction Loan Fund," along with the documents, "Division of Water Resources, Budget Details Over Time" and the Issue Brief, "Water Resources Fees." The division is considered to be the water resource authority for the state, assuring the orderly planning, development and protection of Utah's water. The Analyst recommends an FY 2014 total appropriation of \$6,121,200. He commented on intent language and performance measures chosen by the division management.

The Water Resources Revolving Construction Loan Fund may pay for construction, engineering, investigation, and inspection of water projects to conserve the water resources of the state for the best interests of the citizens. For this line item, the Analyst recommends an FY 2014 budget of \$3,800,000 which consists of a transfer of the same amount from the Conservation and Development Fund for state-

mandated dam safety improvements.

### **Agency Response**

Mr. Dennis Strong, Director, Division of Water Resources, introduced members of his staff in attendance and distributed the following handouts: "Water for You," "Commentary: Who cares about water in Texas?," "February 8, 2013 The Weekly Newsletter of the Western States Water Council," and "Division of Water Resources, Briefing Paper for the Natural Resources Appropriations Subcommittee on February 19, 2013."

The division plans, conserves, develops and protects Utah's water resources. Director Strong commented on the importance of planning to the successful outcome of projects. He provided insight into accomplishments, issues, and challenges of the division, highlighting the signing of Minute 319, interstate negotiations to ensure full development of federal/state compact water entitlements, clean water projects, and water conservation goals. Director Strong reviewed suggestions for funding needed projects in the coming years and noted that funds are required for operation, maintenance, and replacement. The director responded to questions.

Sen. Hinkins resumed the chair.

**MOTION:** Rep. McKell moved to adjourn. The motion passed unanimously. Sen. Hinkins adjourned the meeting at 9:50 a.m.

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Sen. David Hinkins, Co-chair

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Rep. John G. Mathis, Co-chair